

FISCAL NOTE

HB 2357 - SB 2335

April 2, 2007

SUMMARY OF BILL: Enacts the "Tennessee Schoolhouse Trust Fund Act of 2007." Creates a lottery capital outlay account (the Tennessee Schoolhouse Trust Fund Account) from which funds are to be used for certain educational facilities programs, including the underwriting of loans to certain local education agencies for capital K-12 construction projects. The Tennessee Local Development Authority (TLDA) shall be vested with all powers necessary to accomplish these purposes, including (1) the authority to provide credit enhancement to local governments selling debt to fund educational capital outlay projects and (2) the authority to issue revenue bonds in amounts not to exceed \$150.0 million to finance educational capital outlay projects. Authorizes quarterly transfers equal to 1% of net lottery proceeds from the special reserve sub-account of the Lottery for Education Account to the Tennessee Schoolhouse Trust Fund Account to be used for making or supporting loans to local government units and for payment of incremental administrative costs.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - The fiscal impact of this bill is dependent upon a one-time transfer of \$100,000,000 from the Lottery for Education Account (net lottery proceeds) to the Tennessee Schoolhouse Trust Fund Account. The \$100,000,000 transfer has been included in the Governor's FY07-08 Budget Document. Given this transfer, there will be increases to one-time and recurring state expenditures of approximately \$885,000 and \$640,200 respectively for FY07-08. The increase to recurring state expenditures for FY08-09 is estimated to be \$3,410,700. These additional state expenditures will be paid from funds deposited/transferred to the Tennessee Schoolhouse Trust Fund Account.

Assumptions:

- A one-time transfer of \$100,000,000 to the Tennessee Schoolhouse Trust Fund Account from the Lottery for Education Account. This is included in the Governor's FY07-08 Budget Document.
- Additional quarterly transfers of net lottery proceeds (from the special reserve sub-account of the Lottery for Education Account) to the Tennessee Schoolhouse Trust Fund Account equal to 1% of net lottery proceeds. Such

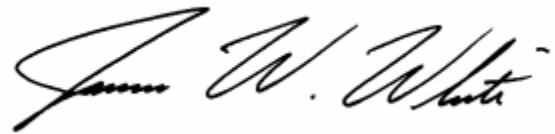
HB 2357 - SB 2335

funds will be used to pay increased administrative costs incurred as a result of implementing the provisions of this bill.

- According to the Comptroller of the Treasury, the department will incur additional one-time and recurring administrative expenditures estimated to be \$885,000 and \$550,200 respectively for FY07-08. The increase to recurring administrative expenditures for FY08-09 is estimated to be \$3,320,700. These additional administrative costs are to be paid from funds deposited/transferred to the Tennessee Schoolhouse Trust Fund Account.
- One (1) position for the Department of Education (DOE) for implementing the provisions of this bill.
- The increase to recurring state expenditures for the one DOE position is estimated to be \$90,000 per year. These additional expenditures will be paid from funds deposited/transferred to the Tennessee Schoolhouse Trust Fund Account.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director